

2SHB 1003 - S COMM AMD 391  
By Senator Esser

ADOPTED 04/16/2003

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** It is the intent of the legislature to  
4 promote growth in the technology sectors of our state's economy and to  
5 particularly focus support on the creation and commercialization of  
6 intellectual property in the technology, energy, and telecommunications  
7 industries.

8 NEW SECTION. **Sec. 2.** The definitions in this section apply  
9 throughout this chapter unless the context clearly requires otherwise.

10 (1) "Center" means the Washington technology center established  
11 under RCW 28B.20.283 through 28B.20.295.

12 (2) "Board" means the board of directors for the center.

13 NEW SECTION. **Sec. 3.** The investing in innovation account is  
14 created in the custody of the state treasurer. Expenditures from the  
15 account may be used only for grants awarded by the center and for  
16 administering the grant award program. Only the executive director of  
17 the Washington technology center or the director's designee may  
18 authorize expenditures from the account. The account is subject to  
19 allotment procedures under chapter 43.88 RCW, but an appropriation is  
20 not required for expenditures.

21 NEW SECTION. **Sec. 4.** (1) The investing in innovation grants  
22 program is established.

23 (2) The center shall periodically make strategic assessments of the  
24 types of state investments in research and technology in this state  
25 that would likely create jobs and business opportunities and produce  
26 the most beneficial long-term improvements to the lives and health of

1 the citizens of the state. The assessments shall be available to the  
2 public and shall be used to guide decisions on awarding grants under  
3 this chapter.

4 NEW SECTION. **Sec. 5.** The board shall:

- 5 (1) Develop criteria for the awarding of grants to qualifying  
6 universities, institutions, businesses, or individuals;
- 7 (2) Make decisions regarding distribution of grant funds and make  
8 grant awards; and
- 9 (3) In making grant awards, seek to provide a balance between  
10 research grant awards and commercialization grant awards.

11 NEW SECTION. **Sec. 6.** (1) The board may accept grant proposals and  
12 establish a competitive process for the awarding of grants.

13 (2) The board shall establish a peer review committee to include  
14 board members, scientists, engineers, and individuals with specific  
15 recognized expertise. The peer review committee shall provide to the  
16 board an independent peer review of all proposals determined to be  
17 competitive for a grant award that are submitted to the board.

18 (3) In the awarding of grants, priority shall be given to proposals  
19 that leverage additional private and public funding resources.

20 (4) Up to fifty percent of available funds from the investing in  
21 innovation account may be used to support commercialization  
22 opportunities for research in Washington state through an organization  
23 with commercialization expertise such as the Spokane intercollegiate  
24 research and technology institute.

25 (5) The center may not be a direct recipient of grant awards under  
26 this act.

27 NEW SECTION. **Sec. 7.** The board shall establish performance  
28 benchmarks against which the program will be evaluated. The grants  
29 program shall be reviewed periodically by the board. The board shall  
30 report annually to the appropriate standing committees of the  
31 legislature on grants awarded and as appropriate on program reviews  
32 conducted by the board.

1        NEW SECTION.    **Sec. 8.**    (1)    The center shall administer the  
2 investing in innovation grants program.

3        (2)    Not more than one percent of the available funds from the  
4 investing in innovation account may be used for administrative costs of  
5 the program.

6        **Sec. 9.**    RCW 43.79A.040 and 2002 c 322 s 5, 2002 c 204 s 7, and  
7 2002 c 61 s 6 are each reenacted and amended to read as follows:

8        (1)    Money in the treasurer's trust fund may be deposited, invested,  
9 and reinvested by the state treasurer in accordance with RCW 43.84.080  
10 in the same manner and to the same extent as if the money were in the  
11 state treasury.

12        (2)    All income received from investment of the treasurer's trust  
13 fund shall be set aside in an account in the treasury trust fund to be  
14 known as the investment income account.

15        (3)    The investment income account may be utilized for the payment  
16 of purchased banking services on behalf of treasurer's trust funds  
17 including, but not limited to, depository, safekeeping, and  
18 disbursement functions for the state treasurer or affected state  
19 agencies. The investment income account is subject in all respects to  
20 chapter 43.88 RCW, but no appropriation is required for payments to  
21 financial institutions. Payments shall occur prior to distribution of  
22 earnings set forth in subsection (4) of this section.

23        (4)(a)    Monthly, the state treasurer shall distribute the earnings  
24 credited to the investment income account to the state general fund  
25 except under (b) and (c) of this subsection.

26        (b)    The following accounts and funds shall receive their  
27 proportionate share of earnings based upon each account's or fund's  
28 average daily balance for the period:    The Washington promise  
29 scholarship account, the college savings program account, the  
30 Washington advanced college tuition payment program account, the  
31 agricultural local fund, the American Indian scholarship endowment  
32 fund, the basic health plan self-insurance reserve account, the  
33 Washington state combined fund drive account, the Washington  
34 international exchange scholarship endowment fund, the developmental  
35 disabilities endowment trust fund, the energy account, the fair fund,  
36 the fruit and vegetable inspection account, the game farm alternative

1 account, the grain inspection revolving fund, the juvenile  
2 accountability incentive account, the rural rehabilitation account, the  
3 stadium and exhibition center account, the youth athletic facility  
4 account, the self-insurance revolving fund, the sulfur dioxide  
5 abatement account, (~~and~~) the children's trust fund, and the investing  
6 in innovation account. However, the earnings to be distributed shall  
7 first be reduced by the allocation to the state treasurer's service  
8 fund pursuant to RCW 43.08.190.

9 (c) The following accounts and funds shall receive eighty percent  
10 of their proportionate share of earnings based upon each account's or  
11 fund's average daily balance for the period: The advanced right of way  
12 revolving fund, the advanced environmental mitigation revolving  
13 account, the city and county advance right-of-way revolving fund, the  
14 federal narcotics asset forfeitures account, the high occupancy vehicle  
15 account, the local rail service assistance account, and the  
16 miscellaneous transportation programs account.

17 (5) In conformance with Article II, section 37 of the state  
18 Constitution, no trust accounts or funds shall be allocated earnings  
19 without the specific affirmative directive of this section.

20 **Sec. 10.** RCW 28B.20.285 and 1992 c 142 s 3 are each amended to  
21 read as follows:

22 A Washington technology center is created to be a collaborative  
23 effort between the state's universities, private industry, and  
24 government. The technology center shall be headquartered at the  
25 University of Washington. The mission of the technology center shall  
26 be to perform and commercialize research on a statewide basis that  
27 benefits the intermediate and long-term economic vitality of the state  
28 of Washington, and to develop and strengthen university-industry  
29 relationships through the conduct of research that is primarily of  
30 interest to Washington-based companies or state economic development  
31 programs. The technology center shall:

32 (1) Perform and/or facilitate research supportive of state science  
33 and technology objectives, particularly as they relate to state  
34 industries;

35 (2) Provide leading edge collaborative research and technology  
36 transfer opportunities primarily to state industries;

1 (3) Provide substantial opportunities for training undergraduate  
2 and graduate students through direct involvement in research and  
3 industry interactions;

4 (4) Emphasize and develop nonstate support of the technology  
5 center's research activities; ((and))

6 (5) Administer the investing in innovation grants program; and

7 (6) Provide a forum for effective interaction between the state's  
8 technology-based industries and its academic research institutions  
9 through promotion of faculty collaboration with industry, particularly  
10 within the state.

11 **Sec. 11.** RCW 28B.20.289 and 1995 c 399 s 26 are each amended to  
12 read as follows:

13 (1) The technology center shall be administered by the board of  
14 directors of the technology center.

15 (2) The board shall consist of the following members: Fourteen  
16 members from among individuals who are associated with or employed by  
17 technology-based industries and have broad business experience and an  
18 understanding of high technology; eight members from the state's  
19 universities with graduate science and engineering programs; the  
20 executive director of the Spokane Intercollegiate Research and  
21 Technology Institute or his or her designated representative; the  
22 provost of the University of Washington or his or her designated  
23 representative; the provost of the Washington State University or his  
24 or her designated representative; and the director of the department of  
25 community, trade, and economic development or his or her designated  
26 representative. The term of office for each board member, excluding  
27 the executive director of the Spokane Intercollegiate Research and  
28 Technology Institute, the provost of the University of Washington, the  
29 provost of the Washington State University, and the director of the  
30 department of community, trade, and economic development, shall be  
31 three years. The executive director of the technology center shall be  
32 an ex officio, nonvoting member of the board. The board shall meet at  
33 least quarterly. Board members shall be appointed by the governor  
34 based on the recommendations of the existing board of the technology  
35 center, and the research universities. The governor shall stagger the

1 terms of the first group of appointees to ensure the long term  
2 continuity of the board.

3 (3) The duties of the board include:

4 (a) Developing the general operating policies for the technology  
5 center;

6 (b) Appointing the executive director of the technology center;

7 (c) Approving the annual operating budget of the technology center;

8 (d) Establishing priorities for the selection and funding of  
9 research projects that guarantee the greatest potential return on the  
10 state's investment;

11 (e) Approving and allocating funding for research projects  
12 conducted by the technology center, based on the recommendations of the  
13 advisory committees for each of the research centers;

14 (f) In cooperation with the department of community, trade, and  
15 economic development, developing a biennial work plan and five-year  
16 strategic plan for the technology center that are consistent with the  
17 statewide technology development and commercialization goals;

18 (g) Coordinating with the University of Washington, Washington  
19 State University, and other participating institutions of higher  
20 education in the development of training, research, and development  
21 programs to be conducted at the technology center that shall be  
22 targeted to meet industrial needs;

23 (h) Assisting the department of community, trade, and economic  
24 development in the department's efforts to develop state science and  
25 technology public policies and coordinate publicly funded programs;

26 (i) Performing the duties required under chapter 70.-- RCW  
27 (sections 1 through 8 of this act) relating to the investing in  
28 innovation grants program;

29 (j) Reviewing annual progress reports on funded research projects  
30 that are prepared by the advisory committees for each of the research  
31 centers;

32 (~~(j)~~) (k) Providing an annual report to the governor and the  
33 legislature detailing the activities and performance of the technology  
34 center; and

35 (~~(k)~~) (l) Submitting annually to the department of community,  
36 trade, and economic development an updated strategic plan and a

1 statement of performance measured against the mission, roles, and  
2 contractual obligations of the technology center.

3 NEW SECTION. **Sec. 12.** Sections 1 through 8 of this act constitute  
4 a new chapter in Title 70 RCW."

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**ADOPTED 04/16/2003**

5 On page 1, line 2 of the title, after "transfer;" strike the  
6 remainder of the title and insert "amending RCW 28B.20.285 and  
7 28B.20.289; reenacting and amending RCW 43.79A.040; and adding a new  
8 chapter to Title 70 RCW."

EFFECT: (1) The Research and Technology Transfer Commission is removed and many of its duties are transferred to the Washington Technology Center and its board of directors.

(2) The WTC must make strategic assessments of the types of state investments most likely to (a) create jobs and business opportunities, and (b) produce long-term improvements to the public health of Washington citizens.

(3) The WTC board must establish a process, including a peer review committee, for awarding innovation grants to qualifying universities, institutions, businesses, or individuals. In awarding innovation grants, the board must balance research and commercialization. The WTC may not be a direct recipient of an innovation grant.

(4) The percentage of available funds in the Investing in Innovation Account that may be used for commercialization opportunities is raised from 10 percent to 50 percent.

(5) The scope of the innovation grant program is broadened from biomedical and certain health-related research to all research.

(6) Definitions of "center" and "board" are added.

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